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SERVICE DATE – JULY 5, 2006

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34895]

Knoxville and Holston River Railroad Company, Inc.—Lease and Operation
Exemption—CSX Transportation, Inc.

Knoxville and Holston River Railroad Company, Inc. (KHR), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to lease and operate approximately 1.9 miles of rail line owned by CSX Transportation, Inc. The line runs from Third Creek Spur in Knoxville, TN, at approximately V.S. 1+50, to the end of the line at approximately V.S. 101+68.

KHR certifies that its projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier, and further certifies that its projected annual revenues will not exceed \$5 million.

The transaction was scheduled to be consummated on or after June 23, 2006. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34895, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be

served on Rose-Michele Nardi, Esq., Weiner Brodsky Sidman Kider PC, 1300 19th Street, 5th Floor, Washington, DC 20036.

Board decisions and notices are available on our website at
“WWW.STB.DOT.GOV.”

Decided: June 26, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary